

# CONSUMER ALERT



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## INVESTMENT INFORMATION

### Investor Alert

#### "Free Lunch" Investment Seminars - Avoiding the Heartburn of a Hard Sell

Securities regulators, including the Financial Industry Regulatory Authority (FINRA), the U.S. Securities and Exchange Commission, and state regulators, recently conducted more than 100 examinations involving free-meal seminars. In half the cases, the sales materials for the events—including invitations and advertisements—contained claims that appeared to be exaggerated, misleading or otherwise unwarranted. And 12 percent of the seminars appeared to involve fraud, ranging from unfounded projections of returns to sales of fictitious products. Our new Investor Alert reminds investors that:

- seminars are designed to sell;
- good shows aren't always good deals; and
- the lead speaker might not be the actual sponsor.

[Read the Alert.](#)

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### Investor Protection

#### New Senior Fraud Risk Survey Identifies Behaviors Putting Older Investors at Risk

Many investors engage in specific behaviors that put them at a higher risk of becoming a victim of investment fraud. In August 2007, the FINRA Investor Education Foundation surveyed investors age 55-64. Key findings include:

- 80% have *not* checked whether a broker ever violated any laws, and 70% *didn't* check their registration;
- approximately 65% *didn't* check to see if the investment was registered with the SEC or appropriate regulatory body;
- three times (21%) as many known investment fraud victims *have attended* a free lunch investment seminar as a national sample of investors (7%);
- 46% of older investors who have had an investment professional state a specific accreditation to advise on senior financial issues said the accreditation made them *more likely* to listen to the professionals advice;
- 58% of respondents felt that they had a *below average chance* of being taken in an investment fraud; and
- 75% believe they have an above average ability to resist high-pressure sales tactics.

## Tools You Can Use

- **[Professional Designations Database](#)**  
Use FINRA's Professional Designations Database to decode the acronyms and understand what training and experience is—or isn't—required to earn the credential.
- **[FINRA BrokerCheck](#)**  
Find registration and other information on individual brokers, securities firms, and investment adviser firms.
- **[SEC EDGAR Database of Public Company Filings](#)**  
Confirm whether a security is registered with the Securities and Exchange Commission and get access to the company's financial information, annual and quarterly reports, and much more.

Read the Executive Summary of the [2007 Senior Fraud Risk Survey](#).

### **The FINRA Investor Education Foundation Launches Campaign to Protect Older Investors**

In July 2006, research funded by the FINRA Investor Education Foundation shattered the stereotypes of senior investment fraud victims. Not only was the fraud victim profile counterintuitive in many respects (for instance, victims were often financially knowledgeable men), but the influence tactics used by fraudsters were sophisticated and highly effective. These findings forced regulators and senior advocates alike to rethink how best to approach the challenge of equipping older investors with the tools and information they need to thwart fraudsters touting investment scams.

In response, the FINRA Investor Education Foundation is mounting a research-based, social change campaign designed to reduce the incidence of investment fraud among investors ages 55 and over.

Learn more at [www.SaveAndInvest.org/55Plus](http://www.SaveAndInvest.org/55Plus).

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## Questions? Search our FAQ database.

FINRA's Web site delivers relevant answers to plain English questions 24/7. Once on the [FINRA FAQ home page](#), you can:

- view our top ten most popular frequently asked questions;
- perform natural language and key word search of our database; and
- browse frequently asked questions by topic or category.

If you don't find an answer, use the "**Ask an Expert**" link within any FAQ and the system automatically routes new questions to the right subject matter expert, who will provide responses via email.

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